



City of Independence, Ohio

"THE HEART OF CUYAHOGA COUNTY"

6800 BRECKSVILLE ROAD

INDEPENDENCE, OHIO 44131

(216) 524-4131

MEMORANDUM

To: Mayor Gregory P. Kurtz
Members of Council

From: Finance Director Vernon Blaze

Date: Friday, April 9, 2021

Re: Finance Department Updates

Finance Department Staffing

Finance Specialist Carrie Barner's last day employed in the Independence Finance Department was today, Friday, April 9.

Carrie was looking to expand her role with the City, and given that the city is a relatively small organization offering fewer opportunities for lateral transfers or advancement than found in larger organizations, her options were somewhat limited here. The Finance Office wishes Carrie the best in her new endeavor in the private sector.

For the immediate future at least, the remaining Finance Department staff is going to attempt to absorb Carrie's work responsibilities without hiring any additional staff – at this time at least.

Now part-time Finance Specialist Molly Snow is going to increase her hours starting next week to absorb a lot of Carrie's work, and part-time Finance Specialist Renee Krysiak may be able to absorb some other aspects of it.

The Finance Office will certainly monitor the work volume and work output as a result of this staffing change. If it works out as initially structured, great. If it's found that the work output that Carrie used to produce is just too much for Molly and Renee to absorb, additional staffing can be brought in at that time. But it will at least be attempted to produce the same amount of work output with less staff first before just immediately replacing and hiring a new staff person.

New Buckeye Institute Lawsuit

It may have been seen in the last few days that the Buckeye Institute has now added the City of Cleveland to the list of public entities it has filed suit against. The Buckeye Institute is alleging that the current state law in affect that allows entities to continue to withhold local taxes from



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people who no longer physically work in the community where the entity is located, is unconstitutional.

This lawsuit against Cleveland is similar to the one filed by the Buckeye Institute against other public-sector employers across the State of Ohio, including Columbus.

It was hoped that some of these cases would work their way through the legal system and ultimately the Supreme Court would rule on the constitutional aspect of an entity withholding taxes from someone that doesn't work where that entity is physically located.

However, one of the lawsuits that the Buckeye Institute filed against the City of Columbus was settled out-of-court this week, so it still wasn't decided if the current state law is legal or constitutional.

Cities and villages that rely on local income taxes as a revenue source are noting that the City of Columbus this week agreed to refund taxes withheld for Columbus from a Westerville resident while he worked outside of Columbus. Why Columbus agreed to that payment before the constitutionality of the existing law is determined is unknown. But unless there is something particular or specific about this case that is not obvious to people who are not directly involved in it, most cities and villages are looking at Columbus' settlement and hoping that one settlement doesn't become a trickle that becomes a tidal wave of local income tax refund requests.

It would probably be some time well spent if this remote-work/less need for office space/income tax issue was one of the Agenda Items at the Tuesday, April 27 Strategic Planning Meeting.

The sky isn't falling and there will always be employees, perhaps the vast majority of them, that need or want to perform at least some of their work at an employer's physical space. But just in case the income tax laws are ultimately decided in a manner that is not favorable to cities and villages that rely on them for the vast majority of their funding, it would be prudent for Council and the Mayor's Office to have a simple "Here's what we would likely do if that happens" discussion sooner rather than later.

The options really aren't that complicated or plentiful. If needed, while attempting to pivot away from such a dominant reliance on office-building type employment into some other uses that require a more dominant on-site employee presence that would maintain Independence's historic income tax levels and growth, would the City look to maintain current levels of operations and capital/infrastructure investments and dip into cash reserves? Would it look to at least temporarily reduce capital/infrastructure investments? Would it look to modify operations and operational costs? Some combination of the above?